

CHAPTER NO. 354

HOUSE BILL NO. 2107

By Representatives Wood, Sharp, Vincent, Brenda Turner, Clem, Brown

Substituted for: Senate Bill No. 2021

By Senators Crutchfield, Atchley

AN ACT to amend Tennessee Code Annotated, Title 7, Chapter 88, relative to tourism development zones.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated Section 7-88-103, is amended by adding the following as a new subsection:

(9) "Structured lease agreement" is a lease by a municipality of a qualified public use facility within a tourism development zone financed by bonds issued and outstanding in compliance with § 7-88-107 and for which the issuer of the bonds or the lessor of the facility has entered into an interest rate swap or exchange agreement, an agreement establishing interest rate floors or ceilings, or both, and other interest rate hedging agreements as referenced in § 9-21-305(c), under which:

(i) The calculation of the lease payment due is to be based in whole or in part on such agreements;

(ii) The municipality is obligated to make lease payments from revenues available under § 7-88-106(b) and revenues derived from the project; and

(iii) Under the terms of the lease the municipality has the right to direct or cause the issuer to exercise any rights (including the right of termination) under such agreement as if the municipality were a direct party to such agreement.

SECTION 2. Tennessee Code Annotated, Section 7-88-107, is amended by designating the existing language as subsection (a) and adding the following as a new subsection (b):

(b) A municipality is authorized to enter into a structured lease agreement provided the municipality complies with the provisions of § 9-21-305(c) regarding guidelines, rules or regulations adopted or promulgated by the state funding board under § 9-21-130, treating the lease as if it were a revenue bond of the municipality and the comptroller determines compliance with the guidelines. However, if the municipality is additionally obligated to make the lease payments from legally available sources, subject to appropriation, other than revenues available under § 7-88-106(b) and revenues derived from the project; then the municipality seven (7) days before the effective date of the structured lease agreement (or the amendment to a lease making it a "structured lease agreement"), must provide notice generally available within the municipality, disclosing the purpose for the structured lease agreement, the additional sources (whether taxes or revenues) to be used for lease payments, and the maximum liability of the municipality.

SECTION 3. If any provision of this act of the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or application of the act, which can be given effect without the invalid provision or application, and to that end the provisions of this act are declared severable.

SECTION 4. This act shall take effect upon becoming law, the public welfare requiring it.

PASSED: May 27, 2003



JIMMY RAIFEH, SPEAKER
HOUSE OF REPRESENTATIVES



JOHN S. WILDER
SPEAKER OF THE SENATE

APPROVED this 13th day of June 2003



PHIL BREDEZEN, GOVERNOR